

No. CARE/DRO/RR/2015-16/1192

Mr Rahul Kumar
Director & CFO
Jaiprakash Associates Ltd.
Sector-128, Noida-201304
Uttar Pradesh

July 22, 2015

Dear Sir,

Credit rating of bank facilities for Rs. 25,280.07 cr and NCDs of Rs.4,023.33 cr

Please refer to our letters dated July 22, 2015 on the above subject.

2. The Rationale-cum-Brief Rationale for the ratings is attached as an Annexure - I. Kindly note that the Rationale-cum-Brief Rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (Rationale-cum-Brief Rationale) on the above ratings is proposed to be issued to the press shortly.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

Vishesh Mishra
FOR
[Gautam Bafna]
Senior Manager

Jatin Babbar
[Jatin Babbar]
Assistant General Manager

Encl: As above

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure I

Rating Rationale-Cum-Brief Rationale

CARE revises the ratings assigned to the bank facilities and instruments of Jaiprakash Associates Ltd to 'CARE D'

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	19,168.07	CARE D [Single D]	Revised from CARE BB [Double B]
Short-term Bank Facilities	1,300.00	CARE D [Single D]	Revised from CARE A4 [A Four]
Long/Short-term Bank Facilities	4,812.00	CARE D/CARE D [Single D/Single D]	Revised from CARE BB/CARE A4 [Double B/A Four]
Total Facilities	25,280.07		
Long-term Non-Convertible Debentures (aggregate) IV, V, VIII, X, XI, XII, XIII	4023.33	CARE D [Single D]	Revised from CARE BB [Double B]

Rating Rationale

The revision in the ratings of bank facilities and instruments of Jaiprakash Associates Ltd (JAL) takes into account delay in servicing of debt obligations by the company due to its weak liquidity position.

Background

Jaiprakash Associates Ltd (JAL) is the flagship company of the Jaypee group and is engaged in engineering and construction, cement, real estate and hospitality businesses. JAL is one of the leading cement manufacturers in India with an installed capacity of ~20 million tonne per annum (excluding plants for which agreement to sell has been signed) on a consolidated basis as on March 31, 2015. JAL is also a dominant player in the construction business in the specialized field of civil engineering, design and construction of hydro-power, river valley projects. JAL is also undertaking power generation, power transmission, real estate, road BOT and fertilizer businesses through its various subsidiaries/SPVs.

On account of deterioration in the company's financial performance and delay in receipt of funds through monetization of assets as well as debt management exercise; the liquidity position of the company has been impacted, leading to delays in debt servicing by the company.

For FY15, JAL reported net loss of Rs.1,110 crore on a total operating income of Rs.10,854 crore on a standalone basis as compared with PAT of Rs.414 crore on a total operating income of Rs.13,328 crore in FY14. On a consolidated basis, the company reported a net loss of Rs.1,543 crore on operating income of Rs.19,650 crore in FY15 as against net loss of Rs.703 crore on a total operating income of Rs.20,007 crore in FY14.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

July 2015

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